

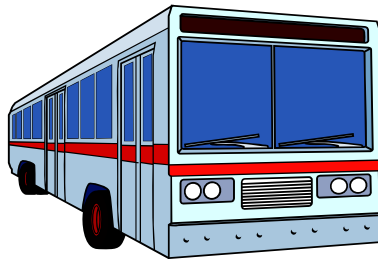


An Overview of Arizona's Transportation System and Future Needs

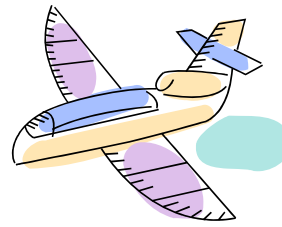
Victor Mendez, Director
Arizona Department of
Transportation
Blue Ribbon Transportation
Committee
October 3, 2007

The Value Proposition:

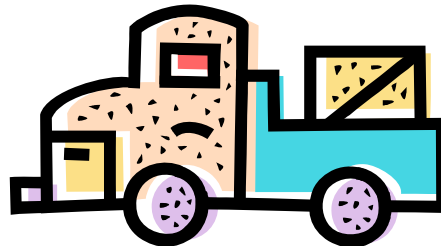
Investments to build and maintain transportation infrastructure and services improve mobility, economic opportunity and quality of life for Arizonans.



Which ...



- Improves mobility and access to destinations statewide
- Enhances quality of life – Access to jobs, schools, healthcare, recreation
- Improves competitiveness in the global economy for business to operate efficiently, serve customers, and transport freight
- Provides travel mode choices
- Facilitates tourism and economic development
- Reduces congestion and the “time tax” associated with it
- Mitigates environmental impacts – air, water and wildlife



A decorative teal circular graphic is located on the left side of the slide, partially cut off by the edge.

Arizona at a Glance: 2007

- 6.3 million residents
- Over 7000 miles of highways
- Just under \$1 billion worth of projects under construction
- Congestion increasing
- Largely dependent on roads – but growing mass transit ridership
- Over \$2 million in public transit planning funds, over \$9 million in rural transit assistance
- First or second fastest growing state in the nation
- Great diversity of needs and preferences



STATE TRANSPORTATION BOARD

- The Board shall:
 - Develop and adopt a long-range statewide transportation plan.
 - Adopt transportation system performance measures.
 - Adopt a system of state highway routes and determine which highways remain part of the state system.
 - Establish policies to guide the development of the five-year construction plan.
 - Award all construction projects under the five-year plan and monitor the status of those projects.

2007 Population Distribution

 Population


 BLM

 Indian Res.

 Private

 State Trust

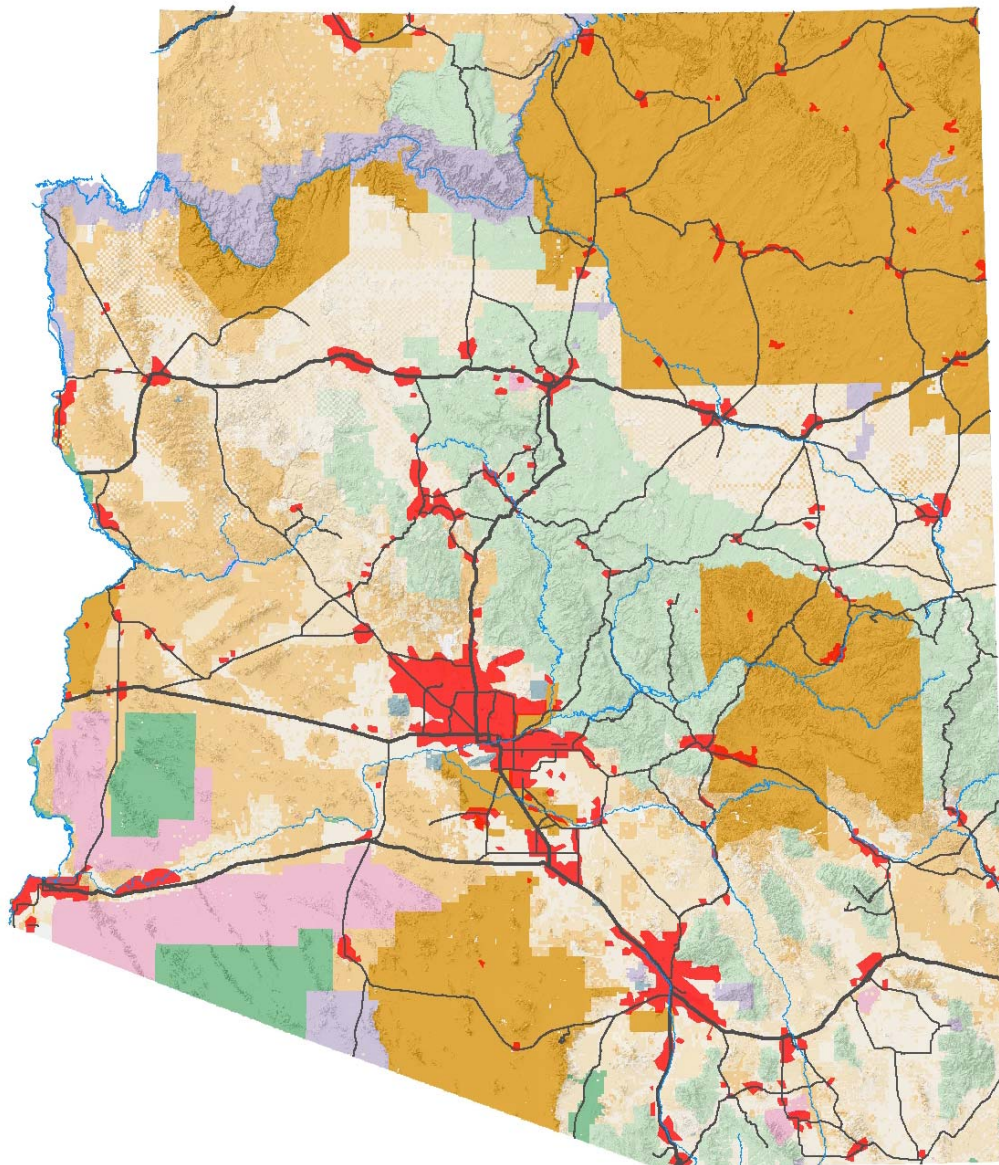
 Natl. Parks

 Local or State Parks

 Military

 Forest

 Wildlife



Highways 2007




State Highway System

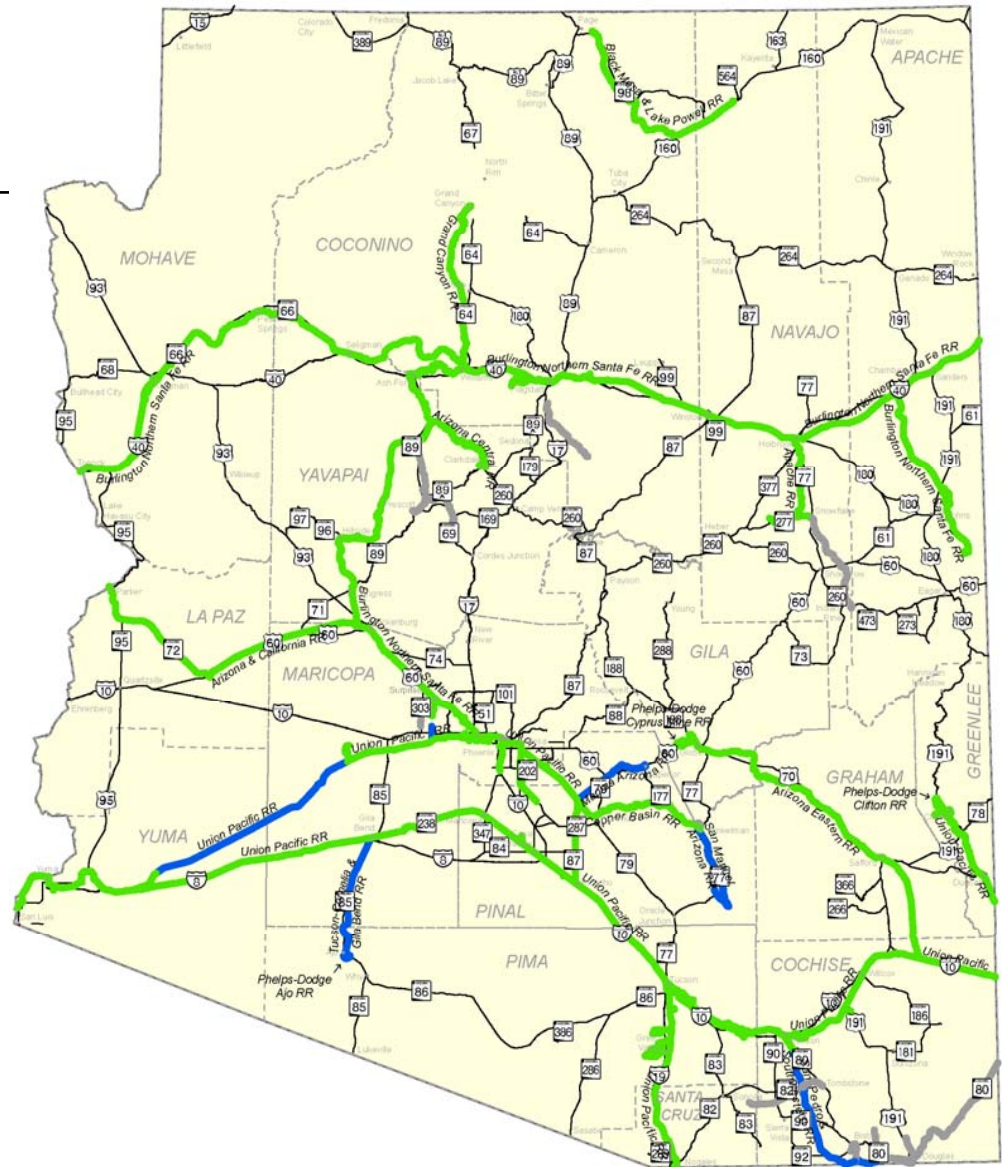
- Interstate
- US Route
- State Route
- Planned/Unbuilt



Rail 2007

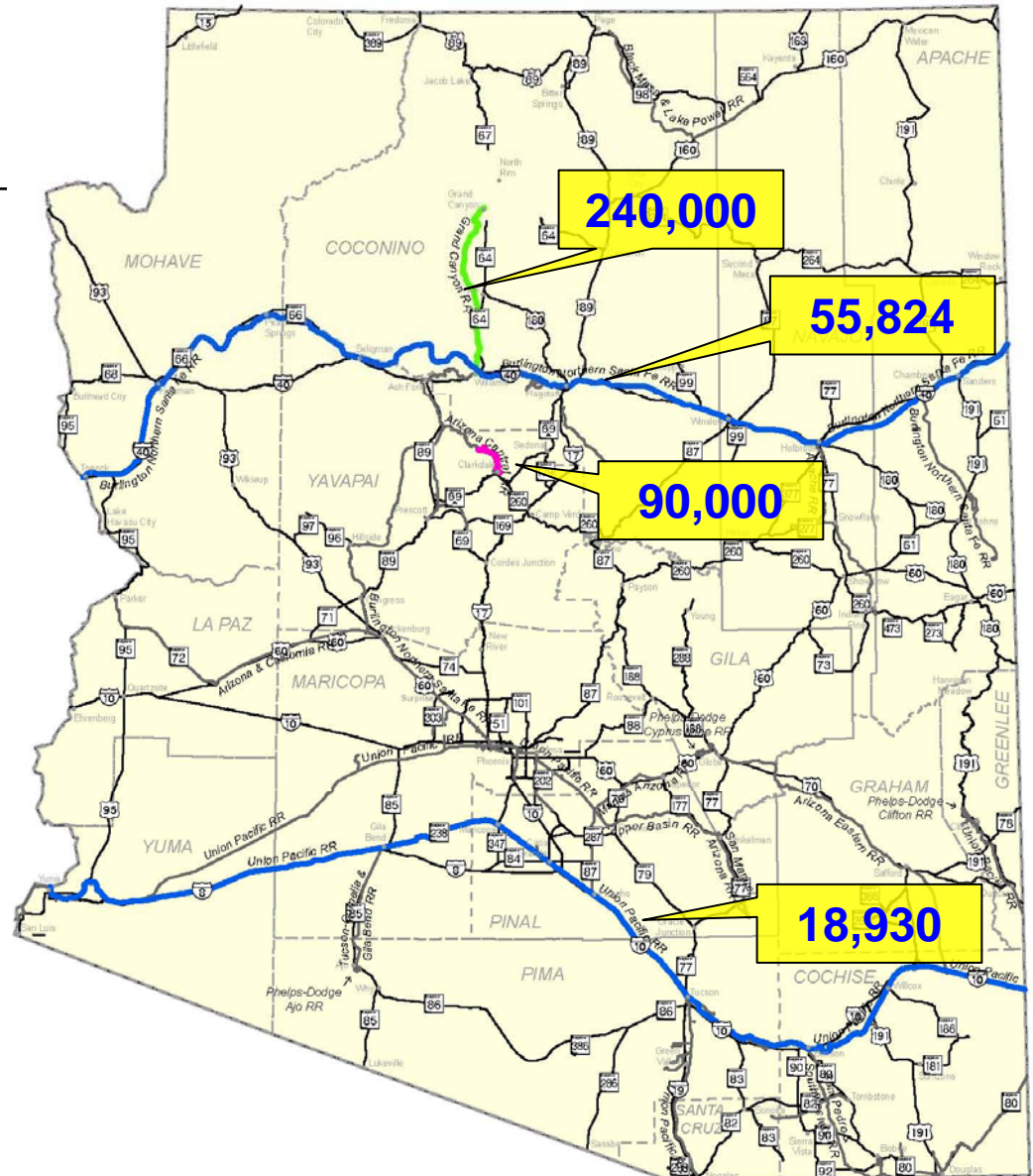
Railroad Status

-  In Service
-  Out of Service
-  Abandoned



Passenger Rail Boardings

- Verde Canyon Railroad
- Amtrak Intercity
- Grand Canyon Railway
- Non-passenger Rail



A large percentage of all of our nation's imports passes through Arizona. We are a land bridge from the Port of Long Beach to the nation.



Safety: Keeping our Highways and Bridges Safe

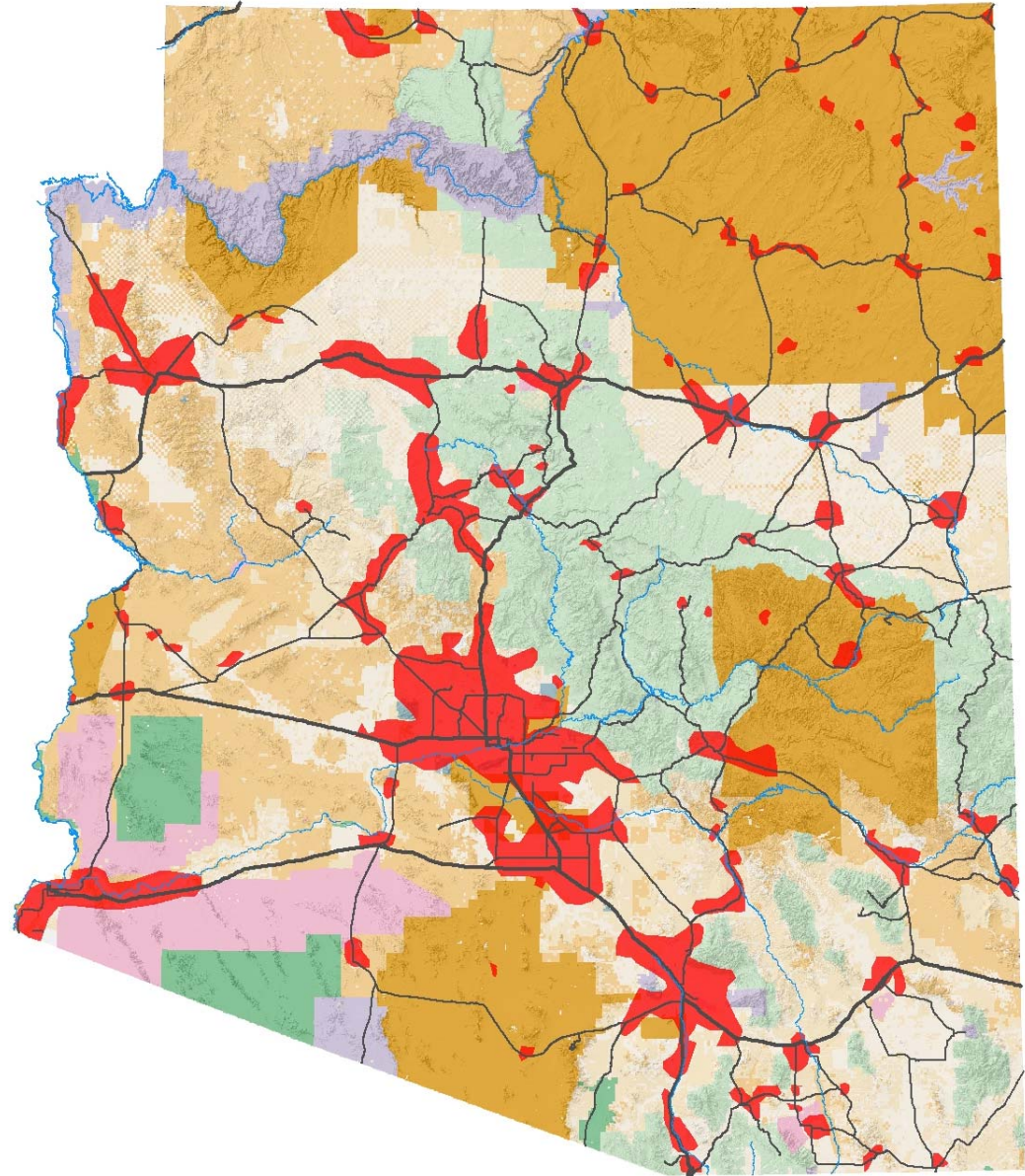
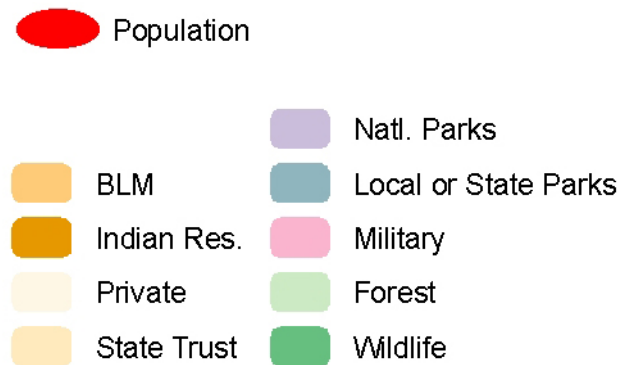
- Today's roads and bridges are safe
- Infrastructure will age while our overall state needs will grow
- Freight increases and heavy trucks put more stress on highways
- Temptation will be to build new infrastructure and not take care of existing needs

Move to the future:

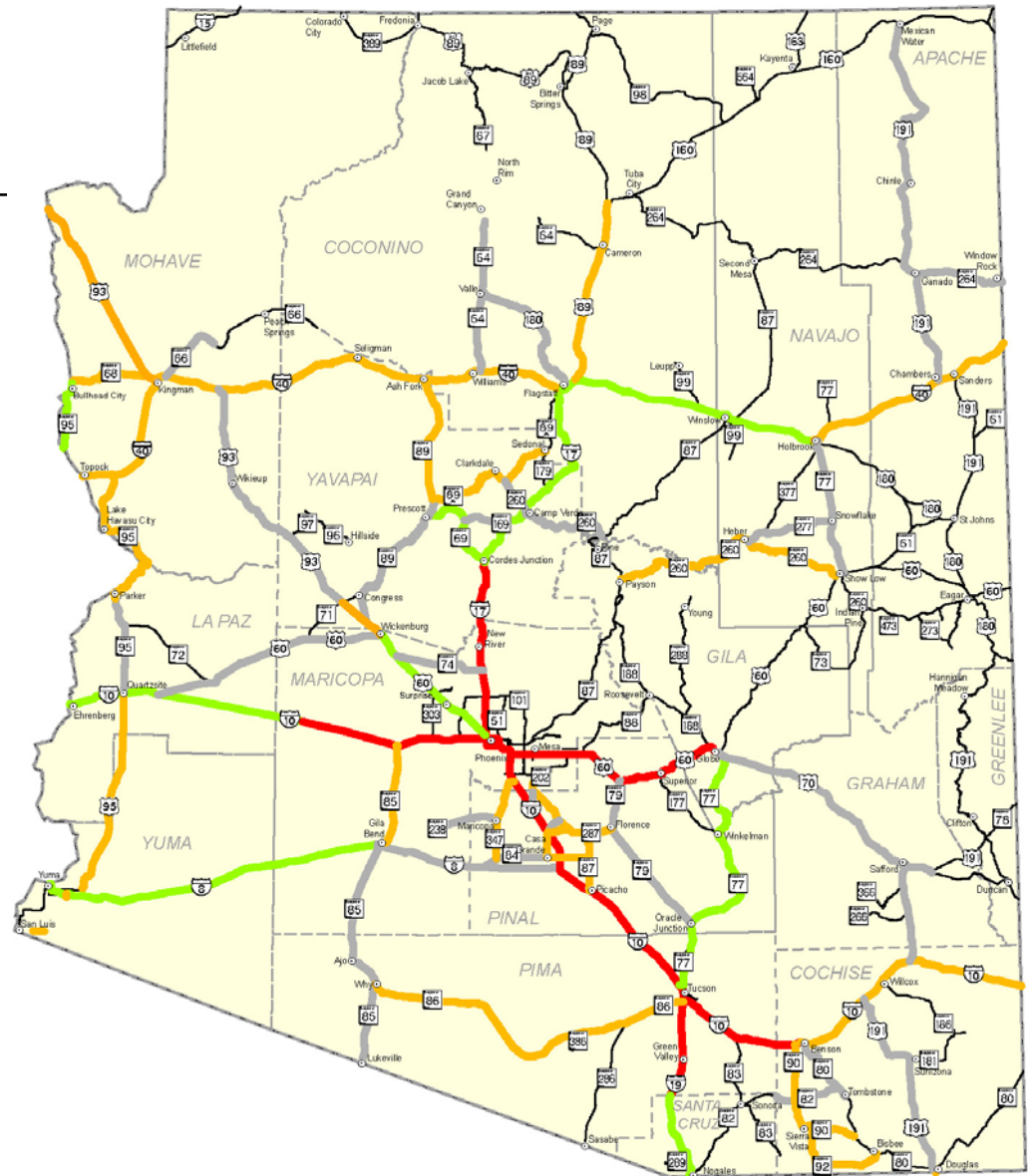
The year is now 2030
Arizona is home
to *12 million* citizens whose
transportation needs must be
met



Projected Population Distribution



2030 Annual Average Daily Traffic



10

10

8

6

4

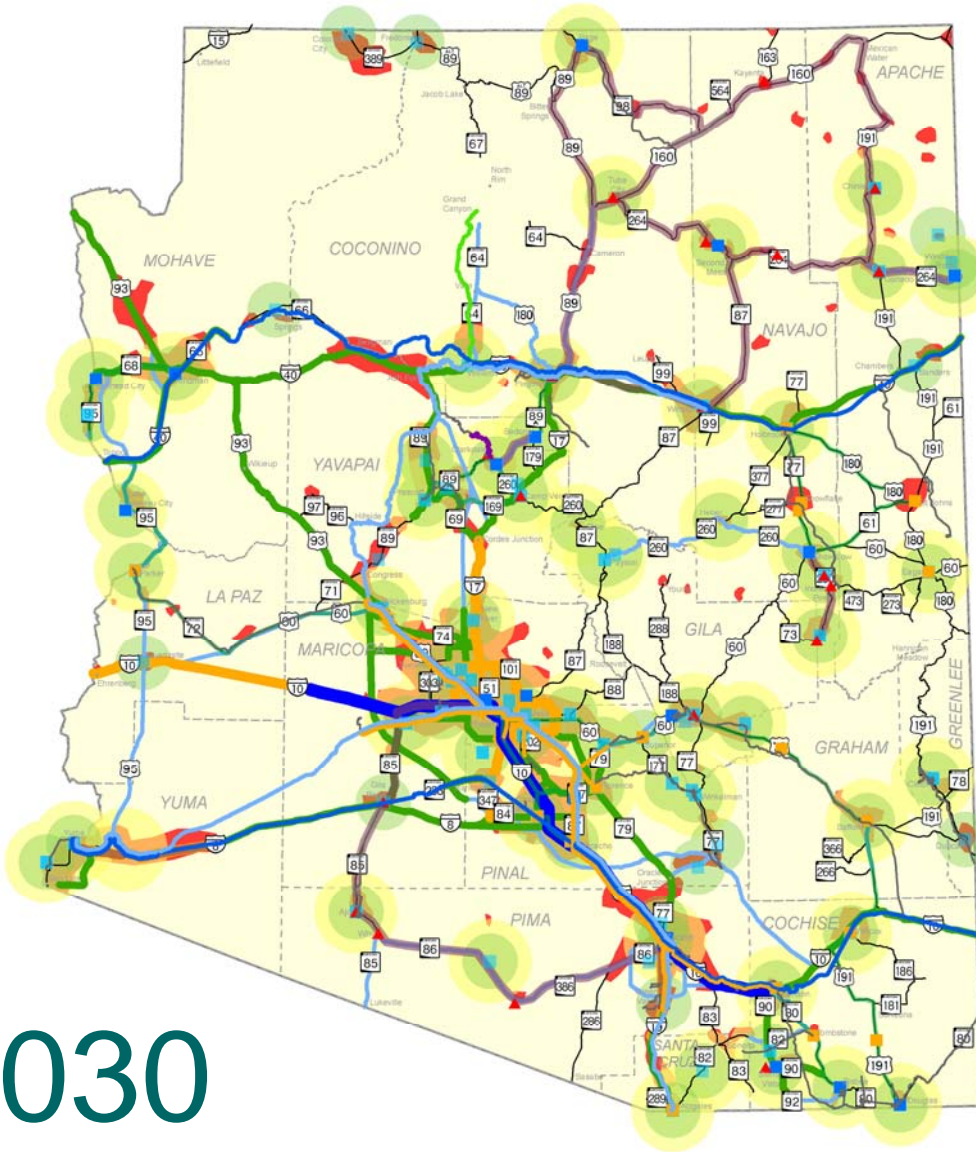
Unchanged



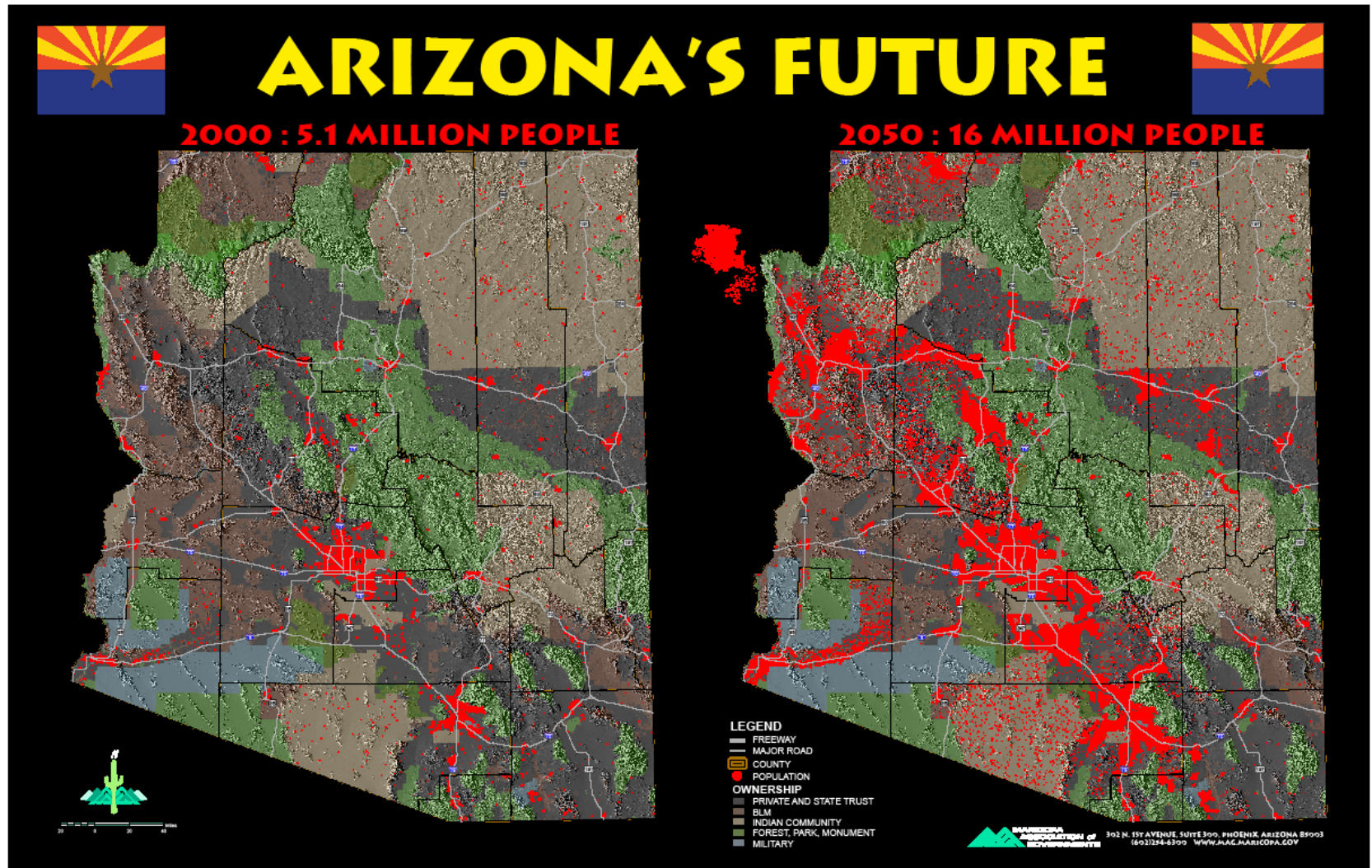
Statewide Scenario

- Existing Mass Transit Ridership: 80 Million
- Future Mass Transit Ridership, including Rail: 297 Million
- Additional Highway Lanes: 216
- Additional Vehicles Accommodated: 4.5 Million

2030



Projected Growth 2000-2050





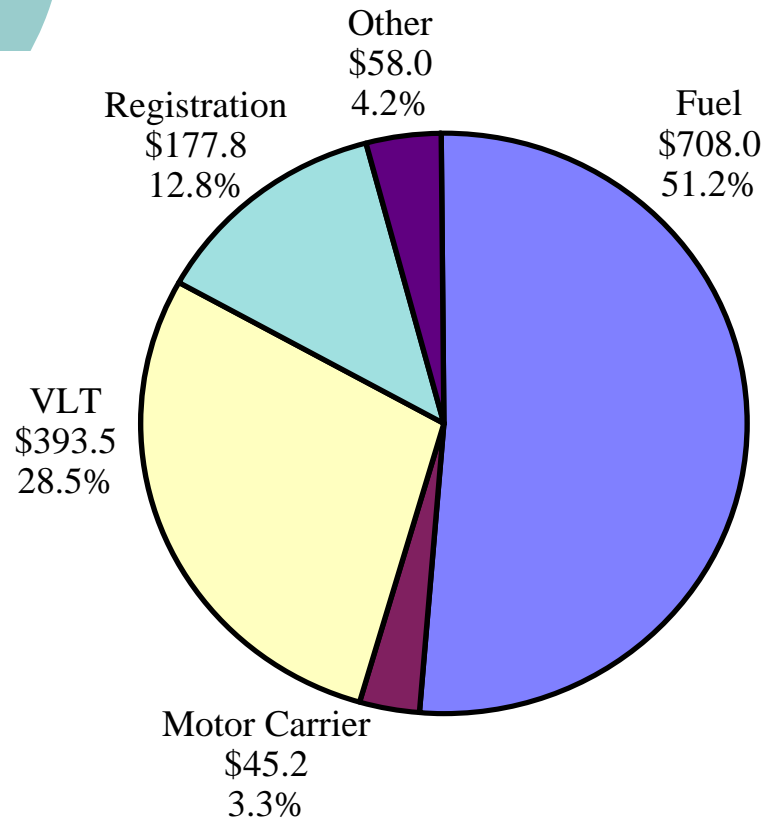
HIGHWAY USER REVENUE FUND BACKGROUND

- **HURF established in 1974**
- **Monies (except VLT) are dedicated to highway purposes under the provisions of Article IX, Section 14, of the Arizona Constitution**
- **Nationally, dedicated user revenues provide the bulk of income for highways**
- **Distribution formulas set by statute**

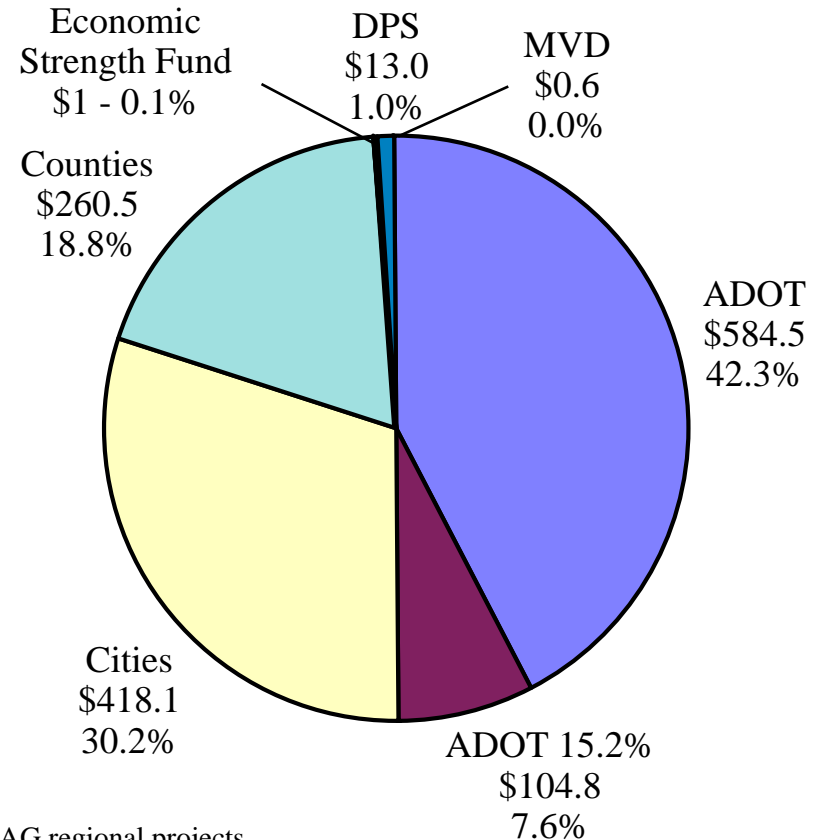
HIGHWAY USER REVENUE FUND SOURCES AND DISTRIBUTION OF FUNDS FY 2007

TOTAL: \$1,382.5 Million

SOURCES



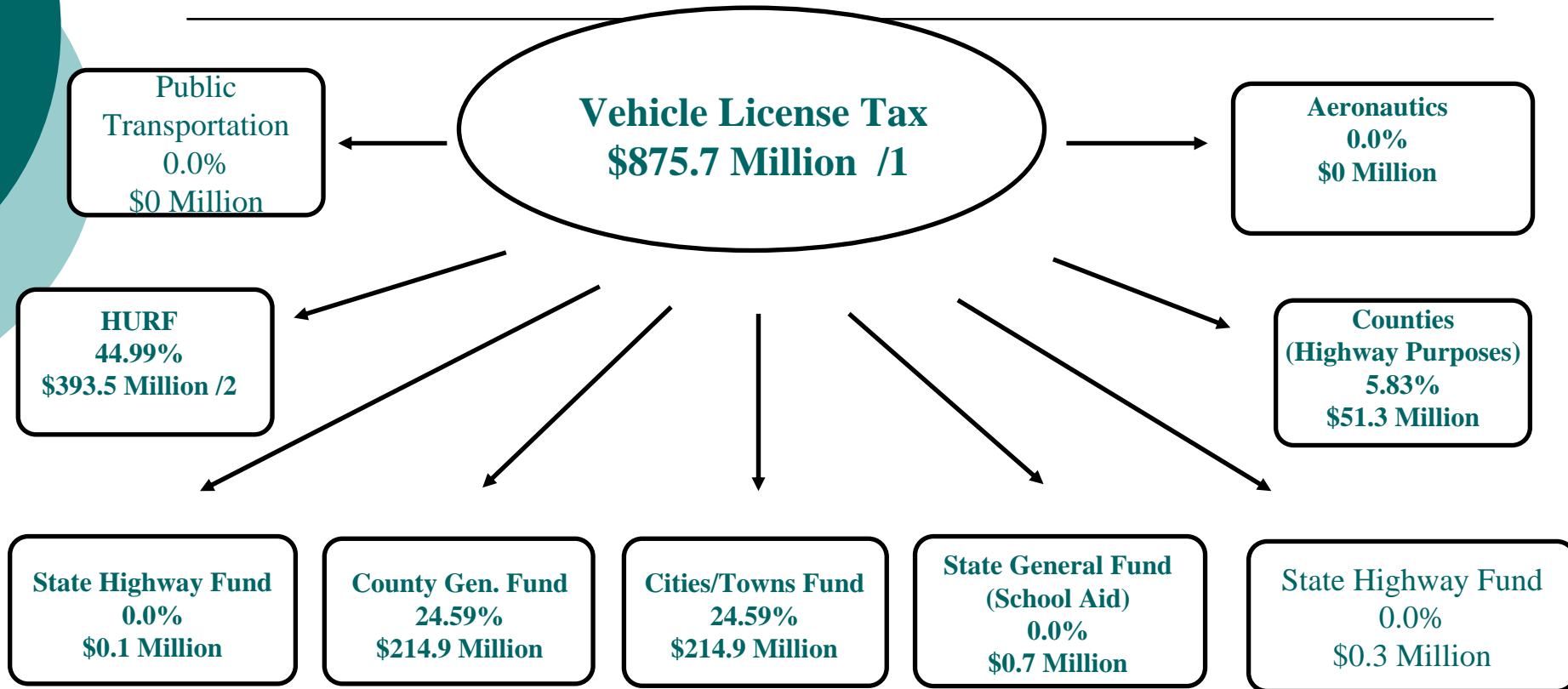
DISTRIBUTION



NOTE: ADOT 15.2% represents ADOT's allocation of HURF for MAG and PAG regional projects.

VEHICLE LICENSE TAX DISTRIBUTION

FY 2007



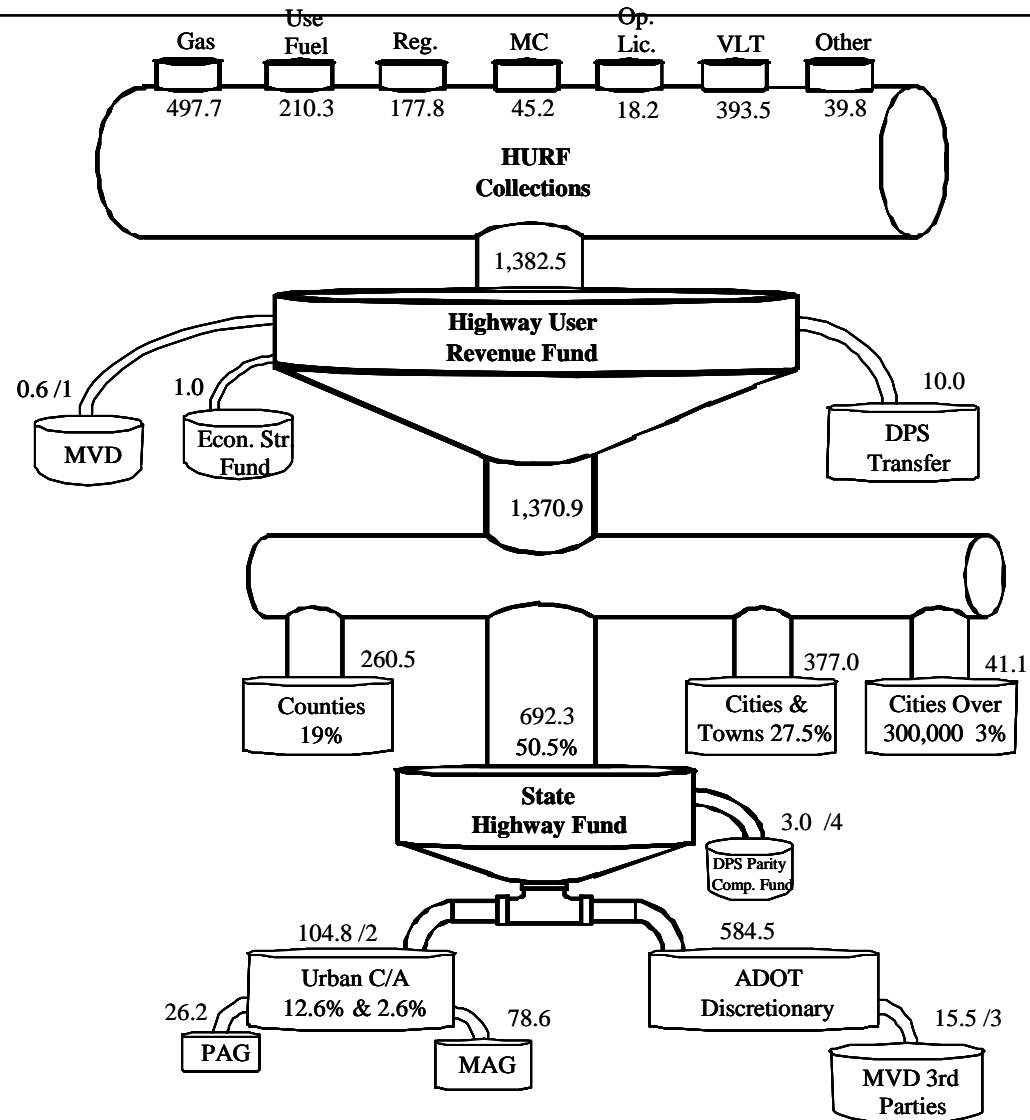
NOTES:

1. The distribution percentage for each recipient based on statutory distribution. The State General Fund and State Highway Fund receive a share of the VLT only from alternative fuel vehicles, rental vehicles and privately owned vehicles used as a school bus, ambulance or fire fighting service. The other VLT recipients also receive a small amount of VLT from these vehicles.
2. Laws 2005, Chapter 306 (SB 1119) distributes 1.51% of the State Highway Fund share of HURF VLT to the DPS Parity Compensation Fund totaling \$3.0 million in FY 2007.
3. \$15.3 million from the State Highway Fund and the \$0.3 million from the State Highway Fund share of VLT was paid to the MVD Third Parties per HB 2026 and HB 2055 from the 1998 and 2001 legislative sessions, respectively in FY 2007. The reimbursements were previously paid solely from the State Highway Fund share of VLT until it was severely reduced from the VLT rate reductions.

HIGHWAY USER REVENUE FUND

FY 2007 REVENUES AND DISTRIBUTIONS

(Dollars in Millions)



NOTES:

/1. Appropriation of 607,300 to MVD for vehicle registration enforcement program and 5 FTE positions for 3rd Party program.

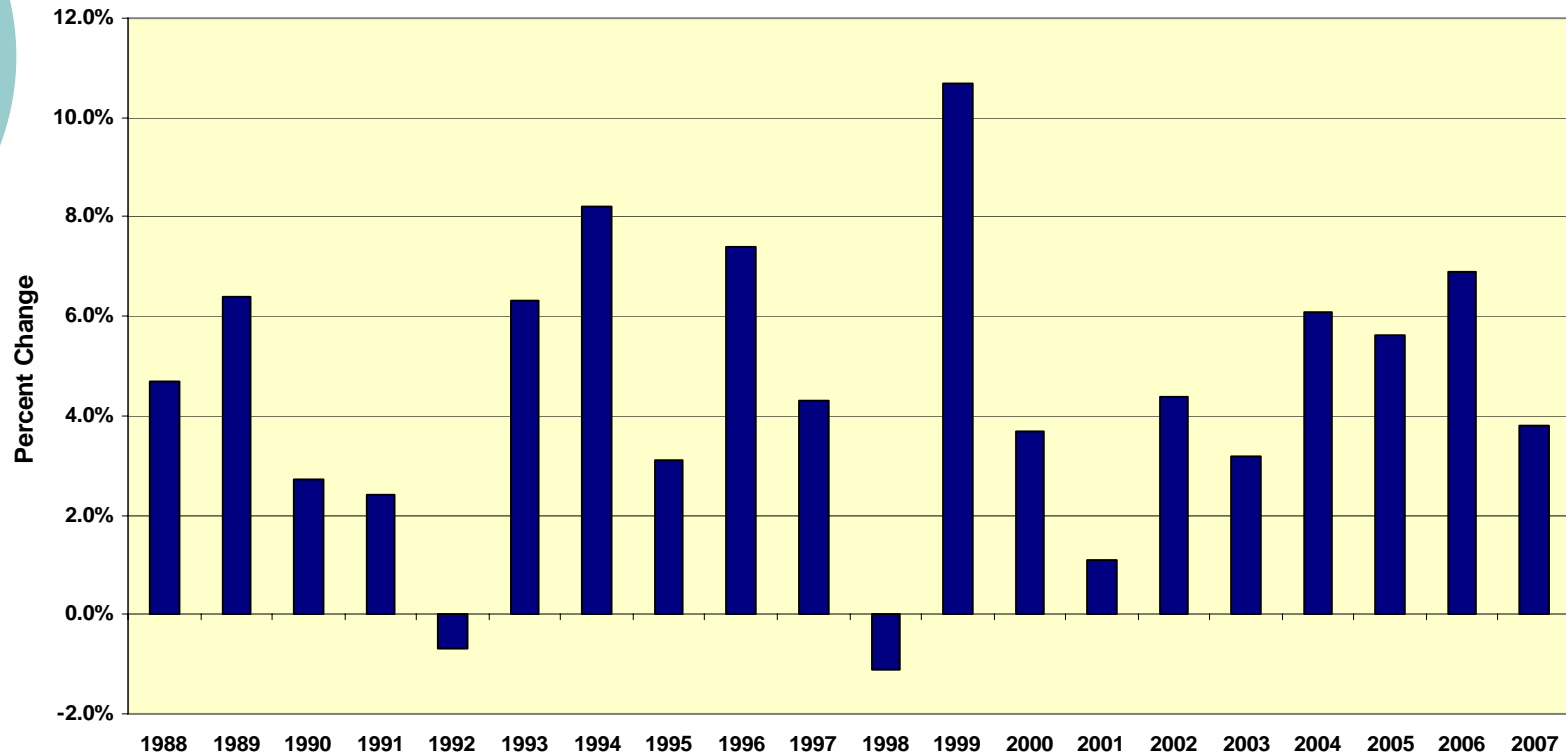
/2. The 12.6% (statutory) and 2.6% (non-statutory) allocations from the State Highway Fund share of HURF distributions.

/3. With the elimination of the VLT distribution to the state highway fund, a distribution is made from the state highway fund to MVD Third Parties for the collection of VLT.

/4. Per Laws 2005, Chapter 306 (SB 1119), 1.51 percent of the state highway fund share of HURF VLT is distributed to the DPS Parity Compensation Fund.

REVENUE PERFORMANCE HIGHWAY USER REVENUE FUND

Annual Rates of Growth



Forecast																				
Variance	1.0%	0.0%	-0.3%	-1.7%	-2.6%	1.4%	1.0%	3.5%	5.0%	3.3%	-4.1%	4.6%	-0.3%	-1.1%	1.0%	0.3%	2.6%	1.4%	1.9%	-1.2%

NOTE: Includes tax rate changes.



FEDERAL HIGHWAY PROGRAM

- **Trust Fund concept**
- **Funds authorized by Congress**
- **Monies apportioned among states by program category on a formula basis**
- **Obligation limits may be imposed**
- **Matching requirements vary**
- **Upcoming reauthorization (2009)**
- **Federal revenues divided for use among highways (86%) and transit (14%)**

CONGRESSIONAL BUDGET OFFICE

PROJECTIONS FOR THE HIGHWAY TRUST FUND 2008-2015

(Dollars in Billions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Highway Account												
Fed-Aid Oblim (Gross)	\$35.7	\$39.9	\$40.3	\$41.2	\$42.0	\$42.8	\$43.6	\$44.5	\$45.4	\$46.4	\$47.3	\$48.3
Est. Flexing - Transfer of Cash	(1.4)	(0.3)	(0.7)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
BOY Balance	10.6	9.2	8.3	2.4	(5.0)	(12.8)	(20.2)	(27.6)	(35.1)	(42.7)	(50.6)	(58.9)
Receipts	33.9	34.1	34.6	35.3	36.1	36.9	37.5	38.1	38.8	39.4	40.1	40.7
Outlays	33.9	34.8	39.8	41.8	43.0	43.3	44.0	44.6	45.4	46.3	47.4	48.4
EOY Balance *	\$9.2	\$8.3	\$2.4	(\$5.0)	(\$12.8)	(\$20.2)	(\$27.6)	(\$35.1)	(\$42.7)	(\$50.6)	(\$58.9)	(\$67.6)

* Under current law, the Highway Trust Fund cannot incur negative balances. A negative balance, as shown, represents obligations and the ability of the Trust Fund to pay those obligations. Spending on programs financed by the Highway Trust Fund would continue, although the rate of outlays would likely slow.

Annual Rate of Increase

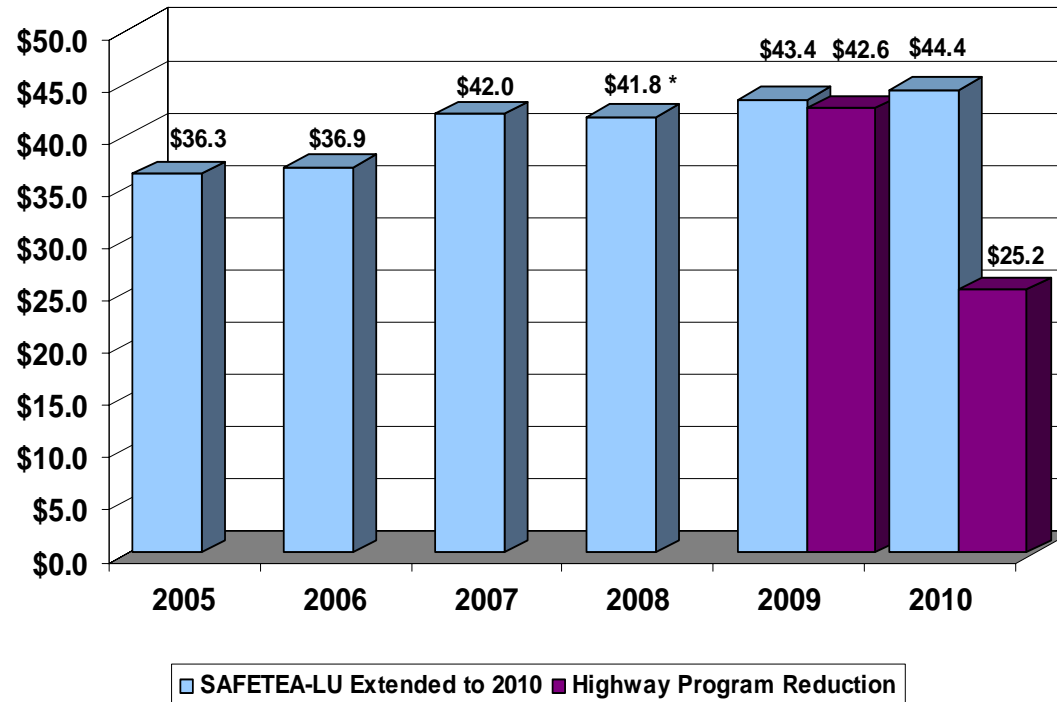
Highway Receipts	0.5%	1.5%	2.1%	2.2%	2.0%	1.8%	1.7%	1.7%	1.6%	1.6%	1.6%
Highway Outlays	2.5%	14.8%	5.0%	2.9%	0.6%	1.7%	1.4%	1.8%	2.1%	2.3%	2.1%

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Transit Account												
Oblim	6.9	7.3	7.9	8.4	8.5	8.7	8.8	9	9.2	9.4	9.6	9.8
Est Flexing – Transfer of Oblim	1.4	1	1	1	1	1	1	1	1	1	1	1
BOY Balance	2	6.3	7.9	8.4	8.5	8.7	8.8	9	9.2	9.4	9.6	9.8
Est Flexing – Transfer of Cash	1.4	0.3	0.7	0.9	0.9	1	1	1	1	1	1	1
Receipts	4.9	5	5	5.1	5.2	5.3	5.4	5.4	5.5	5.6	5.6	5.7
Outlays	2	3.6	5.6	6.9	8.1	9	9.4	9.7	9.9	10	10.2	10.4
EOY Balance**	8.3	7.9	8.1	7.1	5.1	2.4	-0.7	-3.9	-7.3	-10.7	-14.3	-18

FEDERAL HIGHWAY PROGRAM OBLIGATIONS

IMPACT IF CONGRESS TAKES NO ACTION

(Dollars in Billions)

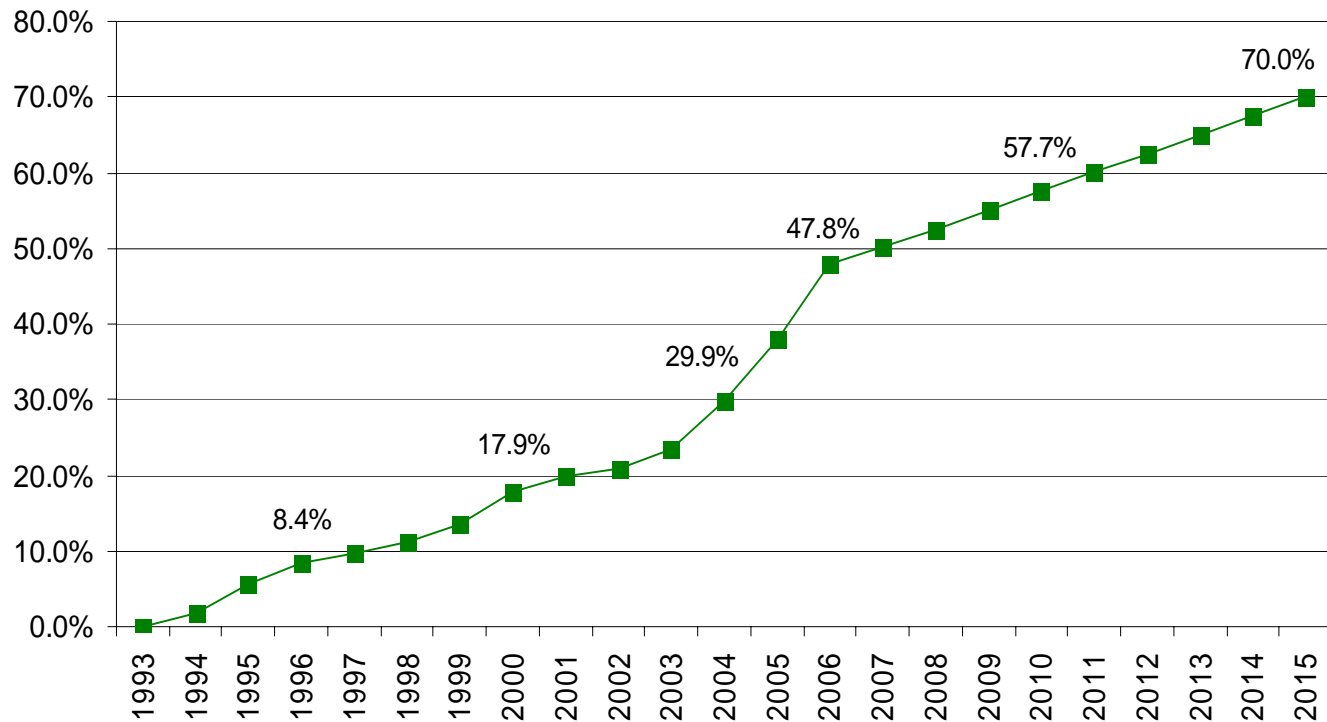


* Obligation level proposed in the President's 2008 budget request, which includes a suspension of \$631 million in RABA funding.

Source : AASHTO, April 2007

CONSTRUCTION COSTS

PERCENTAGE INCREASE FOR 1993-2015



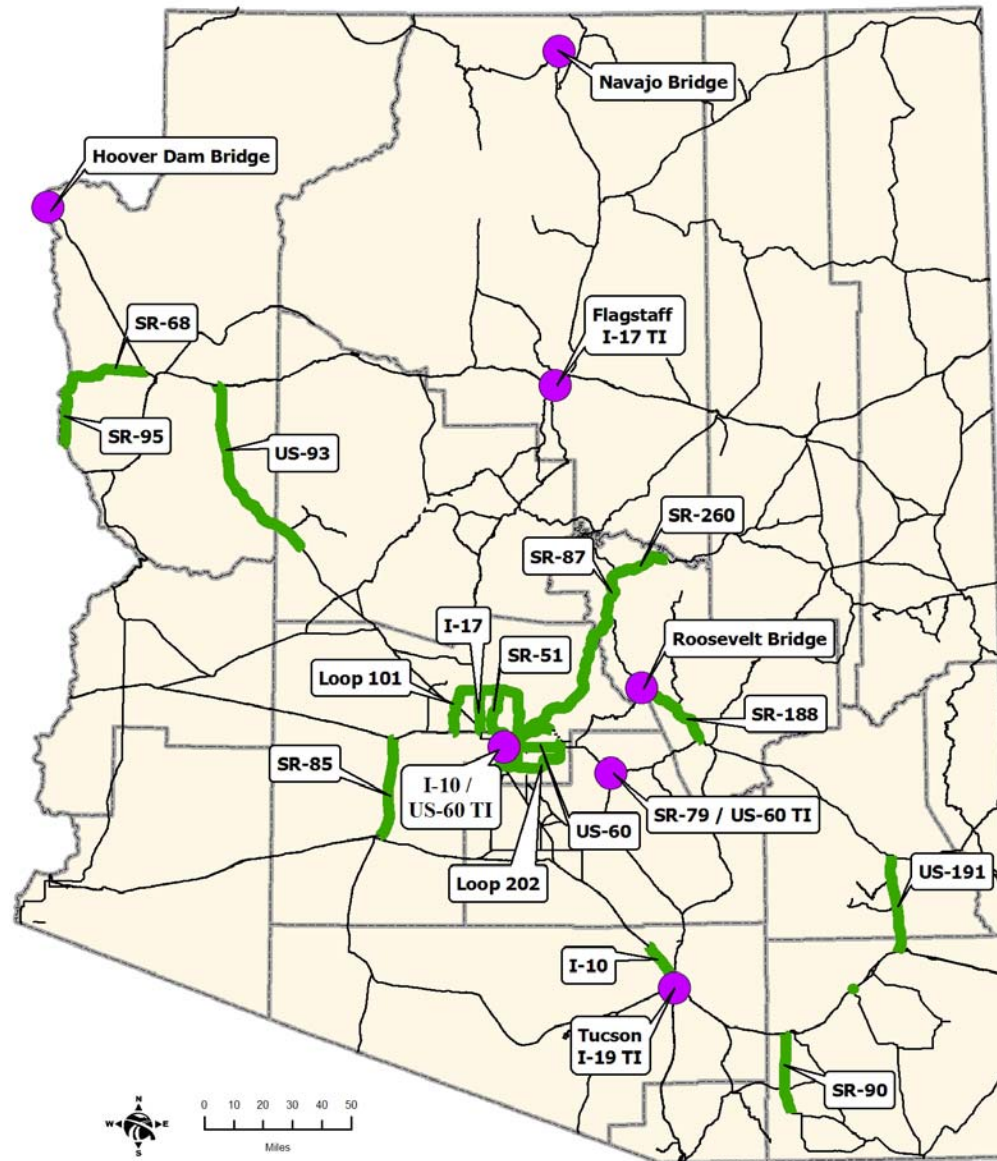
* 1993 was last year in which federal fuel taxes were last adjusted. Projected change from 2007 to 2015 based on the Consumer Price Index. Data for 2004 to 2006 based on the Producer Price Index for highway construction.

Source : AASHTO, April 2007

Our creative responses to stretch state and federal dollars



Significant State Highway System Improvements, 1997-2007



Resources for the Future: Partnering to Promote Safety and Relieve Congestion

- Unplanned incidents are a major cause of congestion and gridlock
- Technology as a tool
 - Interoperability
 - Signage and Messaging
 - VII (Vehicle Infrastructure Integration)
- Construction and design improvements
- Legislation and driver education
 - Seat belts
 - DUI
- The fewer and less severe the incident, the less severe the congestion
- Reduce congestion growth through transitioning auto trips to rail or bus
- Transition interstate freight from trucks to rail

RECENT STATE AND LOCAL FUNDING MEASURES: Leveraging Existing Dollars

- **1999**
 - Development of HELP Program
 - Development of GAN Program
- **2001**
 - Expansion of HELP Program
- **2006**
 - Elimination of HURF Bonding Cap
 - Development of STAN Account
- **2007**
 - Lengthen HURF Bond Maturities from 20 to 30 Years
 - Expansion of STAN Program
 - Expansion of HELP program to include public transportation
 - Passage of local sales tax initiatives in Maricopa, Pima and Pinal Counties

Developer Funded Projects

Complete or Under Construction

○ I-10 @ Watson Road	\$ 2.5 Million
○ I-10 @ Verrado Way	\$ 12 Million
○ I-17 @ Daisy Mountain	\$ 18 Million
○ I-17 @ Anthem	\$ 14 Million
○ US 60 @ Superstition Springs	\$ 3 Million
○ I-10 @ SR 287 (Florence Bl)	\$ 9 Million

Total \$ 58.5 Million

About 25 more projects under development...



Acceleration of Programmed Projects by Local Governments

Local Governments paid interest on total construction costs to advance projects:

Total Construction Costs

○ I-10 Phoenix/Pecos	\$60 Million
○ SR 51 Phoenix/Bell – L101	\$50 Million
○ L101 Chandler/Warner – Frye	\$45 Million
○ L101 Phoenix/Scottsdale – Pima	\$25 Million
○ L202 Mesa/Country Club – Gilbert	\$60 Million

Rush Hour Transit

Ways to move 130 passengers during rush hour



130 Passengers in 1 Rail Car



130 Passengers in $3\frac{1}{4}$ Buses



130 Passengers in $8\frac{2}{3}$ Vans



130 Passengers in 120 Autos

Sources: Valley Metro Rail, Inc., Regional Public Transportation Authority, 2003 Maricopa Regional Household Travel Survey.

Costs of Doing Nothing

**Economic Costs of Congestion = \$2.04 Trillion Nationally
(2002 to 2025)**

This impacts ...

- **System Reliability and Access to Suppliers and Markets**
- **Just-in-Time Manufacturing**
- **I-10 Region Competitive Position**
- **Employment and Productivity**
- **Tourism Attraction and Retention**
- **Workforce Attraction, Retention, and Quality of Life**
- **National Environmental, Safety, and Security Goals**



Funding Options for the Future

- No Silver Bullet!
- Policy makers have choices about the mix of tools in the tool kit, but there must be more than one
- Public acceptance is critical
 - Easily understandable
 - Fair
 - Provides choices



America's Competitiveness

- A 21st Century transportation system with 20th Century funding?
- Every major nation in the world is investing heavily in state of the art transportation – can we afford to lag behind?
- The challenges of climate change and poor air quality – how can we respond and still maintain mobility?
- AASHTO: “Our prosperity and way of life are at stake.”

The Big Decisions of Today will Affect Arizona for Decades

